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11 **UNITED STATES DISTRICT COURT**  
12 **CENTRAL DISTRICT OF CALIFORNIA - SOUTHERN DIVISION**  
13

14 MARK DIAS, an Individual;  
SHANGHAI YONGHUA CAPITAL  
15 INVESTMENT MANAGEMENT CO.  
LTD., a Chinese entity; SUZHOU  
16 QUANTONG MEDICAL TECH. CO.,  
LTD., a Chinese entity; POWERFUL  
17 ANCHOR (CAYMAN) LIMITED, a  
Cayman Islands LLC; and YONGYUN  
18 (CAYMAN) LIMITED, a Cayman  
Islands LLC,

19 Plaintiffs,

20 v.

21 SPARTAN MICRO, INC., a Wyoming  
corporation; ERIC STOPPENHAGEN,  
22 an Individual; THOMAS GARDNER,  
an Individual and DOES 1 Through 35,  
23 inclusive,

24 Defendants,  
25  
26  
27  
28

Case No.

**COMPLAINT AND JURY  
DEMAND FOR:**

1. SECURITIES FRAUD (RULE 10b-5)
2. BREACH OF FIDUCIARY DUTY;
3. BREACH OF WRITTEN AGREEMENTS;
4. BREACH OF THE IMPLIED COVENANT;
5. UNJUST ENRICHMENT;
6. DECLARATORY RELIEF;
- AND
7. FRAUD

1 **COMPLAINT**

2 1. Plaintiffs MARK DIAS (“Dias”); SHANGHAI YONGHUA CAPITAL  
3 INVESTMENT MANAGEMENT CO. LTD.; SUZHOU QUANTONG MEDICAL  
4 TECHNOLOGY CO., LTD.; POWERFUL ANCHOR (CAYMAN) LIMITED; and  
5 YONGYUN (CAYMAN) LIMITED (collectively the “Plaintiffs”) by and through  
6 their attorneys, Ivan L. Tjoe and Jonathan N. Rosen, hereby file their Complaint  
7 against SPARTAN MICRO, INC., ERIC STOPPENHAGEN, and TOM  
8 GARDNER (collectively the “Defendants”) as follows:

9 **INTRODUCTION**

10 2. Spartan Micro Inc. and its CEO, Eric Stoppenhagen, fraudulently induced the  
11 parties described herein to purchase the stock of Spartan pursuant to the Stock  
12 Purchase Agreement (hereinafter the “SPA”) in 2020. At the time of the SPA,  
13 Stoppenhagen had so severely mismanaged Spartan’s finances, defendants were  
14 desperate for cash just to maintain Spartan’s continued operations. To safeguard  
15 Spartan’s existence, Stoppenhagen withheld material facts about Spartan’s dire  
16 financial condition from the Plaintiffs and made false statements or  
17 misrepresentations of material facts about Spartan’s regulatory compliance to the  
18 Plaintiffs during the period prior to the closing of SPA. After Spartan received the  
19 final investment of monies pursuant to the SPA, Stoppenhagen attempted to hijack  
20 control of Spartan and Plaintiffs’ investment in Spartan under the SPA, for his  
21 personal gain by violating *inter alia* the SPA and Spartan’s Amended Articles of  
22 Incorporation. In response, Stoppenhagen was terminated as Spartan’s CEO by its  
23 board of directors. In retaliation, Stoppenhagen stormed into Spartan’s office,  
24 seized control of Spartan’s assets and in a bizarre attempt to physically take the  
25 company back from the Plaintiffs, loaded Spartan’s property in the back of a  
26 vehicle, thereby leaving Spartan’s base of operations destitute and without sufficient  
27 resources to conduct its business.

**JURISDICTION AND VENUE**

3. Plaintiffs assert claims under the Securities and Exchange Act of 1934 and various laws of the state of California. This Court has original jurisdiction over this action and to the [securities fraud counts] for relief by virtue of Title 15, United States Code Section 77v(a) [Section 11(a) of the Securities Act], on account of the federal securities claim, and by virtue of Title 15, United States Code Sections 78u(d)(3)(A), 78u(e), and 7811; and Title 28, United States Code Section 1331, and under federal question jurisdiction Title 28, United States Code Section 1367(a). In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including the mails, airline travel across state lines, and the wires (including e-mails and the wiring of funds in the banking system and telephone communications).

4. This Court also possesses diversity jurisdiction of this action pursuant to 28 U.S.C. § 1332, in there is complete diversity of citizenship between the parties, and the amount in controversy exceeds the sum or value of \$75,000.00, exclusive of pre-judgment interest, post-judgment interest and costs.

5. Venue is proper in the Central District of California pursuant to Section 22 of the Securities Act, Title 15, United States Code Section 77v; and Section 27 of the Exchange Act, Title 15, United States Code Section 77a, because Orange County in the Central District of California is the county in which the certain events alleged herein constituting violations of the law took place and because Plaintiffs are informed and believe and on that basis that Spartan's principal place of business is in Orange County, California; Stoppenhagen resides in Newport Beach, California; and Gardner resides in Laguna Niguel, California.

**PARTIES**

6. Mark Dias (hereinafter "Dias") is an individual who is a resident of and domiciled in Reno, Nevada.

1 7. Shanghai Yonghua Capital Investment Management Co. LTD (hereinafter  
2 “Yonghua”) is a limited liability company that was formed and operates under the  
3 laws of The People’s Republic of China. Its principal place of business is located in  
4 China.

5 8. Suzhou Quantong Medical Technology Co., LTD (hereinafter “MedTech”) is  
6 a limited liability company that was formed and operates under the laws of The  
7 People’s Republic of China. Its principal place of business is located in China.

8 9. Powerful Anchor (Cayman) limited (hereinafter “Powerful”) is a limited  
9 liability company that was formed and operates under the laws of Cayman Islands.  
10 Its principal place of business is located in Singapore.

11 10. Yongyun (Cayman) Limited (hereinafter “Yongyun”) is a limited liability  
12 company that was formed and operated under the laws of Cayman Islands. Its  
13 principal place of business is located in China. (Yonghua, MedTech, Powerful and  
14 Yongyun are hereinafter collectively referred to as the “**Investing Entities**”.)

15 11. Defendant Spartan Micro Inc. (hereinafter “Spartan” or the “Corporation”) is  
16 a corporation organized under the laws of the State of Wyoming with its principal  
17 place of business located in Costa Mesa, California.

18 12. Defendant Eric Stoppenhagen (hereinafter “Stoppenhagen”) is a resident of  
19 and domiciled in Newport Beach, California.

20 13. Defendant Tom Gardner (hereinafter “Gardner”) is a resident of and  
21 domiciled in Laguna Niguel, California. (Spartan, Stoppenhagen, and Gardner are  
22 collectively referred to as “**Defendants**”.)

### 23 **FACTUAL ALLEGATIONS**

24 14. Plaintiff Dias and defendant Stoppenhagen founded Spartan in 2016 as a  
25 Wyoming corporation.

26 15. Stoppenhagen holds a U.S. law degree and MBA. Upon information and  
27 belief and at all pertinent times hereto, Stoppenhagen was the drafter of the  
28 corporate documents discussed in the now dismissed matter of *Spartan Micro, Inc.*

1 *v. Dias, et. al.* (USDC C.D. CAL case 8:21-CV-01630-JVS-KES) and in this  
2 complaint.

3 16. Spartan is engaged in the research, design, and development of neurovascular  
4 medical devices to treat hemorrhagic stroke (brain aneurysms) including neuro and  
5 peripheral vascular stents and flow diversion devices. Spartan designed its products  
6 for use by specialist physicians to treat common and uncommon cerebrovascular  
7 diseases and abnormalities.

8 17. In or about 2018, Stoppenhagen was introduced to Yonghua through an  
9 acquaintance of Chong Wang (“Wang”) – Dr. Lei Feng. In or about early 2019, after  
10 having obtained information relating to Spartan’s devices, the Investing Entities  
11 expressed interest in investing in Spartan. At the time, the Investing Entities were  
12 interested in creating a new joint venture, MedTech, to develop and then sell  
13 Spartan’s products in Asia.

14 18. The parties engaged in off and on discussions from or about early 2019 to  
15 August 2020 culminating into the entry of the SPA where the Investing Entities  
16 agreed to invest no less than \$5 million in Spartan.

17 19. Stoppenhagen fraudulently induced the Investing Entities to enter into the  
18 SPA and/or invest these monies through the material misrepresentations and  
19 omissions of the material facts described herein.

20 20. On or about November 16, 2020, Spartan received the final investment of  
21 monies pursuant to the SPA. Shortly thereafter on or about December 2020,  
22 Stoppenhagen completed the first steps to wrest control of Spartan by improperly  
23 terminating Spartan’s Chief Technology Officer (“CTO”) and the inventor of  
24 Spartan’s core intellectual property – Dias - to commandeer control of Spartan for  
25 his personal gain.

26 21. From 2016 through 2018, Spartan had zero sales and no commercially ready  
27 products. As a development stage company, Spartan was struggling to make it out  
28 of the “valley of death”— or the period between the initial investment and creation

1 of a commercially-viable product. To remain viable, Spartan required significant  
2 capital from investors to maintain its ability to develop and manufacture products  
3 for market.

4 22. As a result, Spartan's flagship "Spartan eCoil System" ("*eCoil* System") was  
5 critical to Spartan's fundraising business strategy. In 2016, Mr. Dias successfully  
6 designed and developed the patent disclosures for the *eCoil* System, which  
7 represented an improved method for the delivery and detachment of embolic devices  
8 which are used for treating hemorrhagic stroke (brain aneurysms) that make up 60%  
9 of the overall neurovascular device market. The US market size of stroke treatment  
10 products is estimated around \$1.5 - 2.0 billion USD annually.

11 23. Dias introduced Stoppenhagen to prominent neurosurgeons in Los Angeles  
12 and elsewhere to jointly demonstrate the possible applications of the *eCoil* System.  
13 The feedback from these meetings were very favorable.

14 24. Between 2017-18, Mr. Dias worked to obtain third party certification ("ISO  
15 13485 certification") of Spartan's safety and quality management system ("QMS"),  
16 which aligned Spartan with the quality system regulations of the United States Food  
17 and Drug Administration ("FDA"). Spartan's ISO 13485 certification required,  
18 among other things, that Spartan's R&D activities be approved and supervised by  
19 Dias and take place at its Fremont, California facility, where Dias and another  
20 engineer had built the equipment used in Spartan's R&D activities. The ISO 13485  
21 certification limited Spartan's R&D to Fremont because it housed the most critical  
22 equipment of the company which required daily, weekly, monthly, and quarterly  
23 monitoring by internal personnel and an outside vendor and was the location where  
24 all physical records were stored.

25 25. Thereafter, Mr. Dias performed exhaustive due diligence to complete a  
26 premarket submission and provide necessary supplemental information to the FDA  
27 for clearance to sell the *eCoil* System in the United States. By the end of December  
28 2018, Spartan received 510k clearance from the FDA to market the *eCoil* System,

1 subject to numerous regulatory requirements, which, among other things, required  
2 Spartan to follow stringent design, testing, control, documentation, and other quality  
3 assurance procedures during all aspects of the manufacturing process (“QSR”).

4 **(STOPPENHANGEN’S MATERIAL MISREPRESENTATIONS AND**  
5 **OMMISSIONS OF MATERIAL FACT)**

6 26. After Spartan received FDA clearance for its *eCoil* System, the Investing  
7 Entities began negotiating with Spartan. Stoppenhagen exclusively negotiated with  
8 the Investing Entities on behalf of Spartan.

9 27. During the negotiations, Stoppenhagen had so severely mismanaged Spartan’s  
10 finances that he was forced layoff Spartan’s manufacturing workforce including its  
11 Chief Technology Officer (“CTO”) – Dias. To safeguard Spartan’s existence,  
12 Stoppenhagen withheld this material fact from the Investing Entities and made other  
13 false statements or material omissions to the Investing Entities prior to the close of  
14 the SPA. The Investing Entities were unaware of Stoppenhagen’s malfeasance.

15 28. Prior to the execution of the SPA, Mr. Wang inquired extensively on behalf of  
16 the Investing Entities about Spartan’s business strategy including Spartan’s  
17 continued reliance on Dias as CTO for his expertise in the neurovascular space and  
18 its ability to scale up its capacity to manufacture the *eCoil* System for sale and for  
19 the continued development of other devices in its portfolio.

20 29. The Investing Entities became aware prior to agreeing to the SPA that  
21 Stoppenhagen is listed as the or co-inventor to all of Spartan’s patent disclosures  
22 despite the fact he did not possess either a technical background or experience to  
23 have been able to be the true inventor. The Investing Entities surmised prior to the  
24 close of the SPA that Dias was in fact the true inventor to all of Spartan’s patent  
25 disclosures.

26 30. Mr. Dias is a scientist who received his Bachelor of Science in Mechanical  
27 Engineering from San Jose State University and is an expert in developing  
28 neurovascular products for commercial use. The Investing Entities learned from

1 Dias after the close of the SPA that he exclusively authored all the patent disclosures  
2 for all intellectual property relevant to the *eCoil* System. He assigned them to  
3 Spartan to acquire fifty percent (50%) equity interest in the company on or about  
4 2016.

5 31. Mr. Wang repeatedly communicated to Stoppenhagen as to the significance to  
6 the Investing Entities of Dias's continuing contributions to not only be able to the  
7 manufacture of the *eCoil System* in scale but the continued development of other  
8 products in Spartan's portfolio to their decision to invest in Spartan and to the  
9 creation of MedTech.

10 32. In addition to being the inventor of Spartan's core intellectual property, Mr.  
11 Dias was also responsible for supervising Spartan's team of engineers, Quality and  
12 Regulatory Specialists, all of whom were based in Spartan's office in Fremont.

13 33. The Investing Entities are informed and believe and on that basis allege that  
14 their stated requirement Dias remain as Spartan's CTO created doubts within  
15 Stoppenhagen as to his importance to the Investing Entities post close of the SPA.  
16 Investing Entities are informed and believe and on that basis allege that although  
17 Stoppenhagen personally needed the Investing Entities to invest in Spartan to  
18 salvage his personal investments and equity in the Corporation, he must have  
19 realized Dias's relative importance to the proposed joint venture and therefore was  
20 prepared to undermine and discredit Dias if necessary.

21 34. During the time Stoppenhagen was negotiating with the Investing Entities,  
22 Spartan ran out of money. Despite realizing incipient sales from the *eCoil* System's  
23 pilot run in 2019, Stoppenhagen burned through most of Spartan's cash on: (a) his  
24 American Express card charges which were allocated to various corporate expense  
25 categories, (b) rent for an unnecessary second Spartan office in Tustin, California  
26 (the "Tustin Office") near Stoppenhagen's Newport Beach home; and (c) the  
27 purchase of ownership interests in three entities – Anchor Endovascular, Inc.  
28 ("Anchor"), Python Vascular, LLC ("Python") and ICAD LLC ("ICAD")

1 (collectively the “*early stage projects*”) that did not contribute or add value to  
2 Spartan’s *eCoil* System. The *early stage projects* held by Anchor, Python and  
3 ICAD respectively each had failed to receive regulatory approval and therefore  
4 required a substantial dedication of capital and employee time to make the *early*  
5 *stage projects* commercially viable.

6 35. To staunch the bleeding at Spartan caused in part to service the *early stage*  
7 *projects*, Stoppenhagen laid off approximately four (4) employees in Spartan’s  
8 manufacturing workforce in or around the middle of 2019. In Q4, 2019, he fired the  
9 balance of Spartan’s employees at the Fremont facility including Dias but continued  
10 to operate the Tustin Office for continued work on the *early stage projects*.

11 36. The fired Spartan employees included a number of individuals who provided  
12 critical support to Spartan’s manufacturing capabilities. These individuals included  
13 *inter alia* Thu Pham, Rajendra Patel, Bharat Patel, Linh Van, and Cindy Du  
14 (collectively the “critical employees”) as well as Dias and Ricardo Afan.

15 37. After Stoppenhagen shut down the Fremont facility, and while he was  
16 negotiating for the expected infusion of capital from the Investing Entities,  
17 Stoppenhagen retreated to Spartan’s Tustin Office, where he continued R&D  
18 activities for the development of the *early stage projects*. Stoppenhagen continued  
19 development of the *early stage projects* (e.g., micro catheters and aspirational  
20 catheters) because he represented to the Investing Entities these medical devices  
21 would be approved for and ready to transfer to the joint venture expeditiously after  
22 the close of the SPA. Spartan’s R&D work at the Tustin Office were, however, not  
23 ISO compliant because Stoppenhagen, not Dias, was overseeing the testing, which  
24 was done outside of Spartan’s documentation requirements set out in the certified  
25 QMS managed by Dias and as directed by the ISO 13485 requirements.

26 38. R&D activities not supervised by Dias jeopardizes the Investing Entities’  
27 investment in Spartan by subjecting Spartan to liability should any of its medical  
28 devices injure a patient. Further, activities that do not adhere to the design controls

1 in the QMS developed by Dias could cause Spartan to lose its ISO 13485  
2 certification which could irreparably harm Spartan's ability to bring its products to  
3 market.

4 39. Despite Stoppenhagen's shut down of the Fremont facility, termination of the  
5 critical employees and dedication of R&D outside the scope of Spartan's ISO  
6 compliance, Stoppenhagen did not amend Spartan's Private Placement  
7 Memorandum dated December 2018 ("PPM"), on which the Investing Entities  
8 relied during their negotiations with Stoppenhagen. In pertinent part, the PPM  
9 stated, among other things.

10 We believe our ability to rapidly develop innovative products will  
11 rely on our integrated product innovation process and our  
12 management's desire to adhere to this philosophy. In addition, we  
13 are recruiting engineers with both significant experience in the  
14 development of medical devices as well as engineers directly from  
15 undergraduate and graduate programs that have become  
16 immediately productive within our development process. We have  
17 a pipeline of products in various stages of development that are  
18 expected to provide additional commercial opportunities.

19 Manufacturing

20 We currently maintain two manufacturing facilities:

- 21 1. 3,600 SqFt R&D and manufacturing facilities in Fremont, CA.  
22 500 SqFt clean room.
- 23 2. 4,500 SqFT R&D and manufacturing facilities in Tustin, CA.  
24 300 SqFt clean room.

25 We have instituted rigorous quality control management programs  
26 in order to be EN ISO 13485 complaint with ISO 13485 certification.  
27 In 2019, we plan to achieve compliance with MDD standards, allowing  
28 our products to be CE marked. We will issue annual internal audits,

1 combined with external audits by regulatory agencies to help ensure  
 2 strong quality control practices for the absolute achievement of patient  
 3 safety. An internal, on-going staff training and education program  
 4 contributes to our quality assurance program training is documented  
 5 and considered part of the employee evaluation process.

#### 6 EMPLOYEES

7 . . . we have never experienced a work stoppage. We believe our  
 8 employee relations are good.

9 40. Stoppenhagen never advised to the Investing Entities that he had to shutter the  
 10 Fremont facility or that he had to layoff Spartan's critical employees, including  
 11 Dias, prior to execution of the SPA. Although Dias were re-retained after the  
 12 parties' execution of the SPA, Spartan was unable to re-retain the expertise of the  
 13 critical employees.

14 41. Stoppenhagen also did not advise the Investing Entities that when the  
 15 Fremont Facility was shuttered, he directed R&D at the Tustin Office that were not  
 16 ISO compliant and outside of Spartan's QMS. These R&D activities places Spartan  
 17 in jeopardy of losing its ISO13485 Certification as well as its California FDB  
 18 License. If either occurs this will cause extensive delays in Spartan's ability to  
 19 bring its products to market.

20 42. To the contrary, Stoppenhagen executed the SPA representing to the Investing  
 21 Entities *inter alia*:

22 2.24 Preclinical Development and Clinical Trials. The studies,  
 23 tests, preclinical development and clinical trials, if any, conducted  
 24 by or on behalf of the Company are being conducted in all material  
 25 respects in accordance with experimental protocols, procedures and  
 26 controls pursuant to accepted professional and scientific standards  
 27 for products or product candidates comparable to those being  
 28 developed by the Company and all applicable laws and regulations,

1 including the Federal Food, Drug, and Cosmetic Act and 21 C.F.R.  
2 parts 50, 54, 56, 58, 312, and 812. The descriptions of, protocols  
3 for, and data and other results of, the studies, tests, development  
4 and trials conducted by or on behalf of the Company that have been  
5 furnished or made available to the Purchasers are accurate and  
6 complete. . .

7 43. Plaintiffs are informed and believe and on that basis contend that  
8 Stoppenhagen always intended, and even before entry into the SPA, to commandeer  
9 control of Spartan, its assets and the funds the Investing Entities would and  
10 ultimately did invest in Spartan for his sole use and benefit.

11 44. On or about August 11, 2020, the Investing Entities became shareholders of  
12 Spartan after executing and performing their obligations under the SPA, resulting in  
13 their receipt of 1,996,805 shares of Series A-2 Preferred Stock. Stoppenhagen  
14 signed the SPA on behalf of Spartan.

15 45. Pursuant to its *Articles of Incorporation*, Spartan originally issued 50,000,000  
16 shares of common stock. No preferred stock, however, was created at the time  
17 Spartan filed its *Articles of Incorporation*.

18 46. As a condition to investing in Spartan, the Investing Entities required Spartan  
19 to amend its Articles of Incorporation, *inter alia* to: (1) to create and issue Series A-  
20 1 Preferred Shares of Stock; (2) to create and issue series A-2 Preferred Shares of  
21 Stock to Yonghua and its affiliates; and (3) to amend Spartan's Articles of  
22 Incorporation so that Investing Entities could appoint two (2) of Spartan's permitted  
23 three (3) Board of Directors.

24 47. Plaintiffs are informed and believe and on that basis contend Stoppenhagen  
25 clearly understood the Investing Entities' investment requirements having drafted  
26 the *Amended and Restated Articles of Incorporation* (the "AMENDED  
27 ARTICLES"). The AMENDED ARTICLES reflect Yonghua or any of its  
28 "Affiliates", as holders of any A-2 Preferred shares, are entitled to appoint one (1) of

1 the three (3) directors to Spartan's Board and "that, so long as the holders of Series  
 2 A-2 Preferred Stock are entitled to elect a Series A Director, the affirmative vote of  
 3 the Series A Director *shall be required* for the authorization of the Board of any of  
 4 the matters set forth in Section 5.5 of the Investors' Rights Agreement".

5 48. Spartan filed the AMENDED ARTICLES with the Wyoming Secretary of  
 6 State on or about September 8, 2020. The Investors' Rights Agreement dated  
 7 August 17, 2020, signed by Stoppenhagen also required *inter alia* the approval of  
 8 the Series A Director before a "change the strategic direction or lines of business of  
 9 the Company"; and before Spartan can "hire, fire, or change the compensation of the  
 10 executive officers".

### 11 **(BAD FAITH CONDUCT AFTER THE SPA)**

12 49. On or about August 2020, Wang was appointed as the "Series A Director" by  
 13 Yonghua whereas Stoppenhagen was appointed as a Director by the Common Stock  
 14 shareholders. Stoppenhagen conferred with Wang by email as to the appointment of  
 15 the third Director. Dias was appointed as the third Director after Wang expressed to  
 16 Stoppenhagen Dias's importance to Spartan and the joint venture.

17 50. Even after the close of the SPA Stoppenhagen continued to conduct Spartan's  
 18 R&D and production activities of the *early stage projects* in violation of its ISO  
 19 certification, QMS and/or QSR. When Dias protested, Stoppenhagen removed  
 20 Dias's administrative control from the cloud based servers and then required  
 21 Spartan's engineering team to report directly to him and instead of Dias.

22 51. At Board meetings held in September and November 2020, Dias and Wang  
 23 disagreed with Stoppenhagen on multiple action items. Dias and Wang outvoted  
 24 Stoppenhagen on several proposals including the allocation of resources between the  
 25 *eCoil* System versus the *early stage projects* and whether the Spartan should lease a  
 26 facility located in Southern California in addition to the Tustin Office.  
 27 Stoppenhagen wanted to steer Spartan in a direction (i.e. away from focusing on the  
 28 *eCoil* System). Dias and Wang voted down the majority of Stoppenhagen's

1 proposals.

2 52. Plaintiffs are informed and believe and on that basis allege that these Board  
3 meetings confirmed for Stoppenhagen his initial fears. Stoppenhagen perceived  
4 Dias as being more important to the Investing Entities than himself.

5 53. In response and in or about December 2020, Stoppenhagen purportedly fired  
6 Dias as Spartan's CTO as retribution. In an effort to commandeer control of Spartan  
7 for his personal gain, Stoppenhagen, thereafter, immediately also rekeyed Spartan's  
8 Fremont facility.

9 54. Stoppenhagen's purported termination of Dias violates the "SIXTH" Article  
10 of the AMENDED ARTICLES as well as Section 5.5 of the Investors' Rights  
11 Agreement that required the "Series A Director" (i.e. Wang) to affirmatively vote or  
12 consent to Dias's purported termination. Wang never affirmatively voted for or  
13 consented to Dias's termination.

14 55. Stoppenhagen thereafter also attempted to replace Dias as Director with  
15 Gardner - a personal friend. On May 24, 2021, Stoppenhagen unilaterally prepared  
16 and circulated a *Written Consent of Stockholders in Lieu of Meeting* (the "May 2021  
17 Written Consent"), "being the majority of the stockholders. . . of Spartan Micro, Inc.  
18 . . . pursuant to the Corporation's Bylaws, hereby consent in lieu of a meeting"  
19 purporting to remove Dias as a Director of Spartan and appoint Gardner in his place.

20 56. Stoppenhagen did not have the authority nor the approval to take such action  
21 because Plaintiffs are informed and believe and on that basis allege herein there was  
22 a never a vote of any of Spartan's shareholders to remove Dias as a Director and  
23 appoint Gardner in his place.

24 57. Assuming *arguendo* that Spartan's shareholders did if fact vote, it is  
25 mathematically impossible for Stoppenhagen or otherwise to be able to appoint a  
26 Director to replace Dias as long as Yonghua or its affiliates possess any Series A-2  
27 Preferred Stock. The AMENDED ARTICLES provides that Stoppenhagen or  
28 anyone else could not have appointed a Director as long as Yonghua or its affiliates

1 possessed any Series A-2 Preferred Stock.

2 58. On June 18, 2021, Defendants improperly filed an Amended Annual Report  
3 with the Wyoming Secretary of State that fraudulently stated to the public that Dias  
4 was no longer a Director and had been replaced by Gardner.

5 **(STOPPENHAGEN'S BAD FAITH CONDUCT AFTER HIS TERMINATION**  
6 **BY SPARTAN'S DULY CONSTITUTED BOARD OF DIRECTORS)**

7 59. After Dias was purportedly removed as a Director, Director Wang made  
8 several requests to Stoppenhagen to provide financial reports, resolutions, corporate  
9 records, and other documentation affecting the Investing Entities' interest as  
10 shareholders and relating to Spartan's operational activities.

11 60. Stoppenhagen steadfastly refused to provide any of the documents requested  
12 by Wang.

13 61. In response, the majority of the duly elected and serving Board of Directors,  
14 namely Wang and Dias, in compliance with Wyoming law, provided proper notice  
15 to Stoppenhagen of a special meeting of the Board of Directors on June 20, 2021.  
16 Pursuant to that notice, the Board meeting was scheduled and held on June 21, 2021,  
17 via Zoom.

18 62. During the June 21, 2021 Board Meeting, which Stoppenhagen refused to  
19 attend, Dias and Wang discussed and resolved *inter alia* that Dias and Wang, not  
20 Tom Gardner, are the proper Directors of Spartan and terminated Stoppenhagen as  
21 Spartan's CEO, President and Secretary and any other executive and officer  
22 positions held in the Corporation effective immediately.

23 63. Despite that termination, Stoppenhagen has refused to vacate Spartan's  
24 premises and has continued to attempt to operate Spartan and has refused to turn  
25 over assets of the Corporation to the Board.

26 64. Plaintiffs are informed and believe and on that basis allege that Stoppenhagen  
27 continues to draw a salary from Spartan. In the interim period between June 21,  
28 2021, and the date of filing this complaint, Plaintiffs are informed and believe and

1 on that basis allege that Stoppenhagen's wrongfully-received compensation has cost  
2 the Corporation more than \$75,000.00 in damages.

3 65. Plaintiffs are informed and believe and on that basis allege that on June 21,  
4 2021, individuals under the direction of Stoppenhagen and Gardner, removed  
5 personal property belonging to Spartan from the facility in Costa Mesa which Dias  
6 and Wang did not authorize to be leased. On the same date, Stoppenhagen is  
7 believed to have absconded with testing equipment belonging to Spartan from the  
8 unauthorized Costa Mesa facility.

9 66. On October 5, 2021, Spartan under the purported and wrongful direction of  
10 Stoppenhagen and his invalidly comprised "Board" filed suit in the United States  
11 District Court for the Central District of California – Southern Division *Spartan*  
12 *Micro, Inc. v. Dias* (Case No. 8:21-CV-01630) against some the plaintiffs herein.

13 67. Such suit, though putatively brought on behalf of Spartan, was not authorized  
14 by the duly elected and serving Board of Directors of Spartan (i.e. Dias and Wang)  
15 or any validly employed and empowered director of the Corporation.

16 68. As a direct and proximate result of the Stoppenhagen's actions enumerated  
17 above, Plaintiffs have been advised by various supply-chain and third-party partners  
18 they refuse to work and conduct business with Spartan thereby undermining  
19 Spartan's ability to produce products for MedTech. The refusal to work with  
20 Spartan not only is injurious to Spartan but also to Plaintiffs.

21 69. Plaintiffs are informed and believe and on that basis allege that Gardner aided  
22 and abetted Stoppenhagen's bad acts. Instead of attempting to restrain  
23 Stoppenhagen, Gardner enabled and encouraged Stoppenhagen's egregious conduct  
24 to benefit himself and therefore is a partial cause of Plaintiffs' injuries.

25 **(SCIENTER)**

26 70. Stoppenhagen acted intentionally or with reckless disregard for whether the  
27 statements were true or false in the misrepresentations above and in any failure to  
28 disclose material facts he was under a duty to disclose or that were necessary to

1 make the other statements he had made, in light of the circumstances in which they  
2 were made, not misleading. Further, Stoppenhagen's conduct constituted such  
3 extreme departure from standards of ordinary care, and was so obvious, that he must  
4 have been aware that he was misleading Plaintiffs.

5 **COUNT I**

6 **SECURITIES FRAUD – RULE 10b-5**

7 **(Against Stoppenhagen and DOES 1-5)**

8 71. Investing Entities re-allege and incorporate by reference paragraphs 1-70 in  
9 their entirety and hereby incorporate them by reference as though fully set forth  
10 herein.

11 72. Stoppenhagen, directly or indirectly, in the course of communications with  
12 the Investing Entities, used the mails (paper as well as electronic) and telephone  
13 and/or means and instrumentalities of interstate commerce and transmission,  
14 including the federal banking system.

15 73. In such communications, Stoppenhagen, directly or indirectly, with scienter:  
16 (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements  
17 of material facts and omitted material facts necessary in order to make the  
18 statements made, in light of the circumstances under which they were made, not  
19 misleading; and (c) engaged in acts and practices which operated or would operate  
20 as a fraud or deceit upon other persons.

21 74. Investing Entities relied on and were induced by Stoppenhagen's conduct to  
22 enter into the SPA. The untrue statements and artifices damaged the Investing  
23 Entities in a total amount no less than \$1,000,000.00.

24 75. On account of such acts, Stoppenhagen directly or indirectly violated 15  
25 United States Code Section 78j(b) [Section 10(b) of the Securities Exchange Act of  
26 1934] and Rule 10b-5 promulgated thereunder (17 Code of Federal Regulations  
27 Section 240.10b-5).

28 76. As a direct, actual and proximate consequence of Stoppenhagen's actions,

1 Investing Entities have sustained and will sustain damages of no less than  
2 \$1,000,000.00 exclusive of interest, costs and consequential damages. The ultimate  
3 amount will be proven at trial.

4 **COUNT II**  
5 **BREACHES OF FIDUCIARY DUTY**  
6 **(Against Stoppenhagen and DOES 6 - 10)**

7 77. Plaintiffs re-allege and incorporate by reference paragraphs 1-70 in their  
8 entirety and hereby incorporate them by reference as though fully set forth herein.

9 78. At all times pertinent hereto, Stoppenhagen owed duties of good faith and fair  
10 dealing in discharging his fiduciary duties owed to the Plaintiffs.

11 79. Defendant Stoppenhagen breached his duty of good faith and fair dealing  
12 owed to Plaintiffs by:

- 13 • Failing to provide the Plaintiffs with timely financial statements and  
14 reports of the Corporation when requested;
- 15 • Removing the Corporation's equipment, files and documents from its  
16 corporate offices without informing the Board or other personnel;
- 17 • Improperly attempting to terminate Dias as an Executive Officer of the  
18 Corporation without Board approval or consent;
- 19 • Changing the locks on the exterior doors of the Corporation's physical  
20 buildings to the exclusion of Plaintiffs;
- 21 • Improperly attempting to remove Mark Dias as a Director and appointing  
22 Thomas Gardner as a Director without the requisite shareholder approval;
- 23 • Disregarding directives and instructions of the Board of Directors;
- 24 • Actively attempting to gain functional control of the Corporation without  
25 valid Shareholder or Board approval;
- 26 • Instituting legal action on behalf of the Corporation against the other  
27 Directors without justification or authority;



1 and duties for each of these agreements.

2 86. Investing Entities have repeatedly requested Defendants to recognize the  
3 written agreements in place by and among the parties.

4 87. Despite Investing Entities' requests, Defendants have repeatedly breached the  
5 agreements in place by and among the parties refusing to *inter alia* recognize Dias  
6 as a Director, refusing to make Spartan's financial records available to Investing  
7 Entities, and by refusing to make Spartan's facilities, bank accounts, equipment and  
8 other assets available for Investing Entities' use and/or benefit.

9 88. As a direct, actual and proximate consequence of Defendants' breaches of  
10 contract, Investing Entities have sustained and will sustain damages of no less than  
11 \$1,000,000.00 exclusive of interest, costs and consequential damages. The ultimate  
12 amount will be proven at trial.

13 **COUNT IV**

14 **BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR**  
15 **DEALING**

16 **(Against All Defendants and DOES 16 - 20)**

17 89. Investing Entities re-allege and incorporate by reference paragraphs 1-70 and  
18 82-88 in their entirety and hereby incorporate them by reference as though fully set  
19 forth herein.

20 90. Within the agreements between the Investing Entities and Defendants exist an  
21 implied covenant of good faith and fair dealing that no party will do anything to  
22 unfairly interfere with the right of any other party to receive the benefit(s) of the  
23 agreements agreed upon by the parties.

24 91. Investing Entities entered into these agreements trusting that Defendants  
25 would, in good faith, abide by the terms of each deal in good faith, and not do  
26 anything to deprive Investing Entities of the benefits agreed upon by the parties.

27 92. Defendants benefited from Investing Entities' actions.

28 93. As alleged above, Defendants breached their duty of good faith and fair

1 dealing thereby depriving the Investing Entities of the benefit(s) of the agreements  
2 agreed upon by the parties.

3 94. As a direct, actual and proximate consequence of Defendants' breaches of  
4 contract, Investing Entities have sustained and will sustain damages of no less than  
5 \$1,000,000.00 exclusive of interest, costs and consequential damages. The ultimate  
6 amount will be proven at trial.

7 **COUNT V**

8 **UNJUST ENRICHMENT**

9 **(Against All Defendants and DOES 21-25)**

10 95. Investing Entities re-allege and incorporate by reference paragraphs 1-70 in  
11 their entirety and hereby incorporate them by reference as though fully set forth  
12 herein.

13 96. Pursuant to the parties' agreements, Spartan has received and benefitted from  
14 the use of the no less than **\$5,000,000.00** the Investing Entities have remitted to  
15 Spartan to date.

16 97. Defendants have usurped and/or converted those monies for their personal  
17 enjoyment, use, and benefit at the expense of not only the Corporation but also to  
18 Investing Entities' detriment.

19 98. Defendants would be unjustly enriched if they are permitted to retain these  
20 monies.

21 99. As a direct, actual and proximate consequence of Defendants' breaches of  
22 contract, Investing Entities have sustained and will sustain damages of no less than  
23 \$1,000,000.00 exclusive of interest, costs and consequential damages. The ultimate  
24 amount will be proven at trial.

25 **COUNT VI**

26 **DECLARATORY RELIEF**

27 **(Against All Defendants and DOES 21-25)**

28 100. Plaintiffs re-allege and incorporate by reference paragraphs 1-70 in

1 their entirety and hereby incorporate them by reference as though fully set forth  
2 herein.

3 101. Plaintiffs seek a declaration of their rights, duties, and obligations  
4 pursuant to the written contracts referenced herein.

5 102. Plaintiffs also seek a declaration of the construction and/or validity of  
6 these written agreements.

7 103. An actual controversy therefore exists as to these matters such that a  
8 judicial declaration of the parties' respective rights are required.

9 **COUNT VII**

10 **FRAUD**

11 **(By Dias Against Stoppenhagen and DOES 26-30)**

12 104. Dias re-alleges and incorporates by reference paragraphs 1-20 in their  
13 entirety and hereby incorporate them by reference as though fully set forth herein.

14 105. Dias, in conjunction with Stoppenhagen, were the two original founders  
15 of Spartan. They both became shareholders of the Corporation on or about March  
16 31, 2016, with each receiving 3,500,000.00 share of Spartan's common stock.

17 106. On or about April 1, 2017, Dias signed an employment agreement with  
18 Spartan which entitled him to \$225,000.00 per year in salary, an annual bonus of  
19 \$20,000.00, \$400.00 per month for healthcare benefits, and \$500.00 per month for a  
20 home office allowance.

21 107. Spartan did not pay Dias the amounts set forth above in 2017, 2018 or  
22 2019 because it lacked the funds. Instead, Spartan paid Dias a total of \$54,664.00 in  
23 2017, a total of \$78,700.00 in 2018, and \$67,500.00 in 2019.

24 108. As consideration to forego any immediate claims against Spartan  
25 and/or Stoppenhagen for unpaid wages or otherwise, Stoppenhagen, Spartan and  
26 Dias agreed that all monies due to him pursuant to this agreement would accrue as  
27 "accrued salary" and/or as deferred compensation until such time as Spartan  
28 attracted sufficient funding from investors (e.g. the Investing Entities) that it could

1 pay the monies due in full.

2 109. On or about December, 2019 and after the Investing Entities began to  
3 communicate with Stoppenhagen about a possible investment in Spartan,  
4 Stoppenhagen fraudulently represented to Dias that the Investing Entities advised  
5 him that they would not do any deal to invest any monies in Spartan *unless* Dias  
6 agreed to reduce the amount of “accrued salary” by a minimum of \$500,000.00.

7 110. On or about December 2019, Stoppenhagen presented to Dias the  
8 EMPLOYMENT AGREEMENT AMENDMENT 1 (the “Dias Amendment”). Dias  
9 is informed and believes and on that basis alleges that Stoppenhagen drafted the  
10 Dias Amendment. Stoppenhagen advised Dias that the Investing Entities demanded  
11 that Dias agree to and enter into this amendment revising his employment agreement  
12 with Spartan and expressly reduce the “accrued salary” by a \$500,000.00 as a  
13 condition precedent and before they would agree to the SPA.

14 111. In reliance on Stoppenhagen’s misrepresentations, Dias executed the  
15 Dias Amendment on or about late December 2019 thereby waiving \$500,000.00 in  
16 “accrued salary”.

17 112. Dias was justified in relying on Stoppenhagen’s misrepresentations  
18 because prior to August 2020, he was unaware of Stoppenhagen’s true dealings with  
19 the Investing Entities.

20 113. Dias spoke to Wang by phone on or about November 2020 and as  
21 Stoppenhagen was threatening to terminate Dias as Spartan’s CTO. Dias asked  
22 Wang at this time why the Investing Entities needed Dias to waive his “accrued  
23 salary” by \$500,000.00. To Dias’s shock and dismay, Wang advised that this was  
24 the first time he had heard of this. Wang advised that although he was aware of  
25 Dias’s agreement to forego \$500,000.00 in deferred compensation, neither he or the  
26 Investing Entities ever demanded the same as a condition of the agreement to enter  
27 into the SPA.

28 114. Dias thereafter confronted Stoppenhagen about this revelation.

1 Stoppenhagen denied Wang's claims and maintained the Investing Entities would  
2 not have entered in the SPA without Dias's agreement to the Dias Amendment.

3 115. Dias is informed and believes and on that basis contends that  
4 Stoppenhagen always intended, and even before entry into the SPA, to commandeer  
5 control of Spartan, its assets and the funds the Investing Entities would and  
6 ultimately did invest in Spartan for his sole use and benefit. By eliminating Dias's  
7 \$500,000.00 in "accrued salary", Stoppenhagen therefore netted himself an  
8 additional \$500,000.00 in cash that he intended to abscond with.

9 116. Dias's reliance on Stoppenhagen's representations proximately caused  
10 Dias to sustain damages of no less than \$500,000.00 exclusive of interest, costs,  
11 consequential and punitive damages. The ultimate amount will be proven at trial.

12 117. Stoppenhagen's improper conduct as alleged above, was oppressive,  
13 fraudulent, malicious and subjected Dias to undue hardship in a willful and  
14 conscious disregard to Dias's rights, warranting exemplary and punitive damages in  
15 accordance with *Civil Code* section 3294

16 **PRAYER FOR RELIEF**

17 WHEREFORE, Plaintiffs pray for judgment in their favor and against  
18 Defendants as follows:

19 118. For damages in amount to be proven at trial, but exceeding  
20 \$1,000,000.00 exclusive of interest;

21 119. For incidental and consequential damages;

22 120. For punitive damages;

23 121. For declaratory relief pursuant to *Code of Civil Procedure* section 1060;

24 122. Prejudgment injunctive relief;

25 123. An Order declaring that Stoppenhagen is no longer an officer of the  
26 Corporation; Stoppenhagen be removed from all corporate offices; terminates any  
27 and all relationships with the Corporation; Stoppenhagen be immediately removed  
28 as a signatory for banking activities of the Corporation; and that he immediately

1 vacates the premises of the Corporation; and Stoppenhagen be ordered to return any  
2 and all assets of the Corporation that he has or caused to be removed from the  
3 Corporation's offices;

4 124. An Order declaring that Gardner is not a Director of the Corporation;  
5 Gardner be removed from all corporate offices; terminates any and all relationships  
6 with the Corporation; and that he immediately vacates the premises of the  
7 Corporation; and Gardner be ordered to return any and all assets of the Corporation  
8 that he has or caused to be removed from the Corporation's offices

9 125. For prejudgment and post-judgment interest;

10 126. For costs of suit;

11 127. For attorneys' fees by operation of law, statute or contract; and

12 128. For such additional remedies as this Court may deem just and  
13 appropriate under the circumstances.

14  
15 Dated: April 20, 2022

RIMÔN, P.C.

16  
17  
18 By: 

19 Ivan L. Tjoe  
20 Jonathan N. Rosen  
21 Attorneys for Plaintiffs  
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**DEMAND FOR JURY TRIAL**

Plaintiffs hereby demand a trial by jury on all claims so triable.

Dated: April 20, 2022

RIMÔN, P.C.

By: 

Ivan L. Tjoe  
Jonathan N. Rosen  
Attorneys for Plaintiffs